

# Senate File 2295

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1 3 AN ACT  
1 4 ALLOWING INDIVIDUAL INCOME TAX CREDITS FOR CONTRIBUTIONS MADE  
1 5 TO CERTAIN SCHOOL TUITION ORGANIZATIONS AND INCLUDING AN  
1 6 APPLICABILITY DATE PROVISION.  
1 7  
1 8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
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1 10 Section 1. NEW SECTION. 422.11J SCHOOL TUITION  
1 11 ORGANIZATION TAX CREDIT.  
1 12 1. The taxes imposed under this division less the credits  
1 13 allowed under sections 422.12 and 422.12B shall be reduced by  
1 14 a school tuition organization tax credit equal to seventy-five  
1 15 percent of the amount of the voluntary cash contributions made  
1 16 by the taxpayer during the tax year to a school tuition  
1 17 organization, not to exceed either of the following:  
1 18 a. Seven hundred dollars for a single individual.  
1 19 b. Eight hundred dollars for a married couple.  
1 20 2. To be eligible for this credit, all of the following  
1 21 shall apply:  
1 22 a. A deduction pursuant to section 170 of the Internal  
1 23 Revenue Code for any amount of the contribution is not taken  
1 24 for state tax purposes.  
1 25 b. The contribution does not designate that any part of  
1 26 the contribution be used for the direct benefit of any  
1 27 dependent of the taxpayer or any other student designated by  
1 28 the taxpayer.  
1 29 3. Any credit in excess of the tax liability is not  
1 30 refundable but the excess for the tax year may be credited to  
1 31 the tax liability for the following five tax years or until  
1 32 depleted, whichever is the earlier.  
1 33 4. Married taxpayers who file separate returns or file  
1 34 separately on a combined return form must determine the tax  
1 35 credit under subsection 1, paragraph "b", based upon their  
2 1 combined net income and allocate the total credit amount to  
2 2 each spouse in the proportion that each spouse's respective  
2 3 net income bears to the total combined net income.  
2 4 Nonresidents or part-year residents of Iowa must determine  
2 5 their tax credit in the ratio of their Iowa source net income  
2 6 to their all source net income. Nonresidents or part-year  
2 7 residents who are married and elect to file separate returns  
2 8 or to file separately on a combined return form must allocate  
2 9 the tax credit between the spouses in the ratio of each  
2 10 spouse's Iowa source net income to the combined Iowa source  
2 11 net income of the taxpayers.  
2 12 5. For purposes of this section:  
2 13 a. "Disabled student" means a child requiring special  
2 14 education, as defined in section 256B.2, subsection 1.  
2 15 b. "New student" means a child who did not attend an  
2 16 accredited nonpublic school in Iowa during the previous school  
2 17 year.  
2 18 c. "Qualified school" means a preschool for disabled  
2 19 students in this state or a nonpublic elementary or secondary  
2 20 school in this state which is accredited under section 256.11  
2 21 and adheres to the provisions of the federal Civil Rights Act  
2 22 of 1964 and chapter 216.  
2 23 d. "School tuition organization" means a charitable  
2 24 organization in this state that is exempt from federal  
2 25 taxation under section 501(c)(3) of the Internal Revenue Code  
2 26 and that allocates at least ninety percent of its annual  
2 27 revenue for educational scholarships or tuition grants to  
2 28 children to allow them to attend any qualified school of their  
2 29 parents' choice of which one-third of the children who receive  
2 30 scholarships or grants are new students. Once a child has  
2 31 been deemed a new student that child shall continue to be  
2 32 counted as a new student for each school year the child  
2 33 receives a scholarship or grant from the organization to  
2 34 attend a qualified school. A school tuition organization  
2 35 shall only award educational scholarships and tuition grants  
3 1 to children who reside in Iowa. In addition, to qualify as a  
3 2 school tuition organization, the charitable organization shall  
3 3 provide educational scholarships or tuition grants to students  
3 4 without limiting availability to only students of one school  
3 5 and shall prioritize the providing of such scholarships and

3 6 grants to students from families whose incomes are less than  
3 7 two hundred percent of the federal poverty level, as defined  
3 8 by the most recently revised income guidelines published by  
3 9 the United States department of health and human services.  
3 10 6. A school tuition organization that receives a voluntary  
3 11 cash contribution pursuant to this subsection shall report to  
3 12 the department, in a form prescribed by the department, by  
3 13 February 28 of each year all of the following information:  
3 14 a. The name, address, and contact name of the school  
3 15 tuition organization.  
3 16 b. The total number of contributions received during the  
3 17 previous calendar year.  
3 18 c. The total dollar amount of contributions received  
3 19 during the previous calendar year.  
3 20 d. The total number of children awarded educational  
3 21 scholarships or tuition grants during the previous calendar  
3 22 year and the number of these children who are new students,  
3 23 who reside in the state, and who are from families with  
3 24 incomes of less than two hundred percent of the federal  
3 25 poverty level.  
3 26 e. The total dollar amount of educational scholarships and  
3 27 tuition grants awarded during the previous calendar year.  
3 28 f. For each school to which educational scholarships or  
3 29 tuition grants were awarded all of the following shall be  
3 30 provided:  
3 31 (1) The name and address of the school.  
3 32 (2) The number of educational scholarships and tuition  
3 33 grants awarded during the previous calendar year.  
3 34 (3) The total dollar amount of educational scholarships  
3 35 and tuition grants awarded during the previous calendar year.  
4 1 7. The department shall annually file a report with the  
4 2 chairpersons and ranking members of the senate and house  
4 3 committees on ways and means detailing a compilation of the  
4 4 information received from the reports of all school tuition  
4 5 organizations filed pursuant to the requirements of subsection  
4 6 6.  
4 7 Sec. 2. APPLICABILITY DATE. This Act applies to tax years  
4 8 beginning on or after January 1, 2005, but before January 1,  
4 9 2013.

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4 14 JEFFREY M. LAMBERTI  
4 15 President of the Senate  
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4 19 CHRISTOPHER C. RANTS  
4 20 Speaker of the House

4 21 I hereby certify that this bill originated in the Senate and  
4 22 is known as Senate File 2295, Eightieth General Assembly.  
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4 26 \_\_\_\_\_  
4 27 MICHAEL E. MARSHALL  
4 28 Secretary of the Senate

4 28 Approved \_\_\_\_\_, 2004  
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4 33 THOMAS J. VILSACK  
Governor